

**TENNESSEE GENERAL ASSEMBLY  
FISCAL REVIEW COMMITTEE**



**FISCAL NOTE**

**HB 2425 - SB 2238**

March 11, 2016

**SUMMARY OF BILL:** Lowers the minimum age for receiving a handgun carry permit from 21 years of age to 18 years of age.

**ESTIMATED FISCAL IMPACT:**

**Increase State Revenue –**

**Exceeds \$25,200/Handgun Permit Division/Each Year FY16-17 through  
FY19-20**  
**Exceeds \$52,000/Handgun Permit Division/FY20-21 and Subsequent Years**

**Exceeds \$28,400/Tennessee Bureau of Investigation/FY16-17 and  
Subsequent Years**

**Increase State Expenditures –**

**Exceeds \$1,200/Handgun Permit Division/Each Year FY16-17 through  
FY19-20**  
**Exceeds \$2,400/Handgun Permit Division/FY20-21 and Subsequent Years**

**Exceeds \$11,300/Tennessee Bureau of Investigation/FY16-17 and  
Subsequent Years**

**Increase Local Revenue – Exceeds \$8,000/FY16-17 and Subsequent Years**

**Assumptions:**

- Based on information provided by the Department of Safety (DOS), the five-year average for new handgun carry permit applications is 53,685 per year; the five-year average for permit renewals is 67,422 per year.
- The average fee for a new handgun carry permit is \$115.
- From every new initial permit fee paid, \$15 is allocated to the applicable sheriff's department to cover the cost of a local background check; \$15 is allocated to the Tennessee Bureau of Investigation (TBI) for updating and maintaining their databases; \$38 is allocated to the TBI to cover the \$8.34 paid to fingerprint vendors, TBI

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background checks, and \$12.75 for Federal Bureau of Investigation (FBI) fingerprint background checks; the remaining \$47 is retained by the Handgun Permit Division of DOS to specifically fund the administrative expenses of the Division.

- The average renewal fee for a handgun carry permit is \$50. One hundred percent of renewal fee revenue is retained by the Handgun Permit Division of DOS to fund the administrative expenses of the Division.
- Changing the minimum age an individual may obtain a handgun carry permit from 21 to 18 will generate an unknown amount of additional permit holders. It is reasonably assumed that the additional amount of permit holders will exceed one percent or 536 ( $53,685 \times 0.01$ ) each year.
- The total recurring increase in revenue is estimated to exceed \$61,640 ( $536 \times \$115$ ).
- Pursuant to the current allocation of revenue derived from the initial handgun carry permit application fee, the recurring increase in state revenue to the Handgun Permit Division is estimated to exceed \$25,192 ( $536 \times \$47$ ).
- Pursuant to the current allocation of revenue derived from the initial handgun carry permit application fee, there will be a recurring increase in state revenue to TBI as a result of the Bureau receiving the \$38 for which they ultimately pay fingerprint vendors estimated to exceed \$20,368 ( $536 \times \$38$ ); and there will be an additional recurring increase in revenue to TBI as a result of the Bureau receiving the \$15 for which they use to update and maintain databases estimated to exceed \$8,040 ( $536 \times \$15$ ); thus, the total recurring increase in state revenue to TBI is estimated to exceed \$28,408 ( $\$20,368 + \$8,040$ ).
- Pursuant to the current allocation of revenue derived from the initial handgun carry permit application fee, the recurring increase in local revenue (to sheriff departments) is estimated to exceed \$8,040 ( $536 \times \$15$ ).
- The additional minimum of one percent increase will realize a gain in recurring renewals beginning in FY20-21.
- The additional amount of permit holder renewals will exceed 536 each year beginning in FY20-21.
- The recurring increase in permit renewal fee revenue to the Handgun Permit Division beginning in FY20-21 is estimated to exceed \$26,800 ( $536 \times \$50$  renewal fee).
- Each year from FY16-17 through FY19-20, the estimated recurring increase in Handgun Permit Division revenues is estimated to exceed \$25,192. Beginning in FY20-21, the recurring increase in revenue to the Handgun Permit Division is estimated to exceed \$51,992 ( $\$25,192 + \$26,800$ ).
- There will be an increase in state expenditures as a result of producing additional permit cards. According to DOS, the printing cost to produce one handgun carry permit is \$2.23. The increase in state expenditures each year from FY16-17 through FY19-20 for the Handgun Permit Division relative to card production is estimated to exceed \$1,195 ( $536 \times \$2.23$ ). The recurring increase in state expenditure beginning in FY20-21 res for the Handgun Permit Division relative to card production will exceed \$2,391 [ $(536 + 536) \times \$2.23$ ].
- There will be a \$21.09 ( $\$8.34 + \$12.75$ ) increase in TBI expenditures for each application related to FBI and fingerprint vendor expenses. The estimated recurring increase in TBI expenditures beginning in FY16-17 exceeds \$11,304 ( $\$21.09 \times 536$ ).

**CERTIFICATION:**

The information contained herein is true and correct to the best of my knowledge.

A handwritten signature in dark ink that reads "Krista M. Lee". The signature is written in a cursive, flowing style.

Krista M. Lee, Executive Director

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